

Message Text

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PAGE 01 TOKYO 12248 200828Z

12

ACTION EB-11

INFO OCT-01 EA-11 ISO-00 AID-20 CIAE-00 COME-00 FRB-03

INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-03 LAB-06 SIL-01 OMB-01 SEC-03 PA-04 PRS-01

USIA-15 NEA-14 IO-14 DRC-01 /143 W

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R 200743Z SEP 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 4704

UNCLAS TOKYO 12248

PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, SA, JA

SUBJECT: SAUDI ARABIA AGAIN BUYING JAPANESE BONDS

1. SUMMARY: SAUDI ARABIA IS AGAIN PURCHASING JAPANESE BONDS ACCORDING TO LOCAL PRESS REPORT (NIHON KEIZAI SHIMBUN). FINATT CONTACTS WITH SECURITIES COMPANIES CONFIRM ACCURACY OF REPORT. BROKERS FEAR THAT, AS IN JUNE, PUBLICITY BEING GIVEN TO THSE TRANSACTIONS WILL AGAIN DRY UP BUY ORDERS, AT LEAST TEMPORARILY. END SUMMARY.

2. FOLLOWING IS A SUMMARY OF THE PRESS REPORT: SAUDI ARABIA AGAIN BOUGHT JAPANESE TELEPHONE AND TELEGRAPH COMPANY BONDS IN SEPT. SO FAR, IT TOTALS YEN6 BIL AND IS EXPECTED TO REACH YEN10 BIL BY MONTH END. THE REDEMPTION PERIOD OF THE BONDS IS 5-7 YEAS AND THE YIELD TO MATURITY IS 12-13 PERCENT ANNUALLY. IN JUNE THIS YEA, SAUDI ARABIABOUGHT YEN10 BIL OF THE SAME TELEPHONE AND TELEGRAPH COMPANY BONDS BUT NO FURTHER ORDERS HAVE BEEN EPORTED IN JULY AND AUG. THE DIRECT INFLOW OF OIL DOLLARS ON A GOVERNMENTAL ASIS HAS BEEN REPORTD JUST RECENTLY (SEE TOKYO 12037). THIS MOVEMENT TO BUY JAPANESE BONDS AGAIN IS EXPECTED TO BE A UNCLASSIFIED

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PAGE 02 TOKYO 12248 200828Z

SIGN THAT SAUDI ARABIA WILL CONTINUE TO INVEST ITS MONEY

IN THE JAPANESE MARKET. ACCORDING TO A SECURITY MARKET
SOURCE, INQUIRIES FROM OIL-PRODUCING COUNTRIES REGARDING
JAPANESE BONDS HAVE BEEN INCREASING RECENTLY. IF THE
YIELDS ARE SATISFACTORY, OIL-PRODUCING COUNTRIES ARE
THOUGHT LIKELY TO INVEST THEIR MONEY IN TOP CLASS
JAPANESE INDUSTRIAL BONDS AS WELL.
SHOESMITH

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Disposition Event:
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